Loan on low interest rate to exporters

2246. SHRI RAJ NATH SINGH:

SHRIMATI MALTI SHARMA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to give maximum loan on low interest rate to exporters keeping in view the increasing challenges in world market;

(b) whether Government have also received any request in this regard;

(c) if so, the details thereof and the steps taken by Government on this and also to increase the limit of loan amount; and

(d) the time by which the decision is likely to be taken in the regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (d) Reserve Bank of India (RBI) has reported that it has been constantly pursueing a policy to make available export credit at reasonably low rate of interest so as to strike a proper balance between cost to exporters and profitability to banks. The interest rates applicable on rupee credit both at pre-shipment and post-shipment stages are regularly reviewed by RBI and are adjusted from time to time taking into account various factors including developments in the financial markets, exchange rate differential etc. On such a review recently interest rate on post-shipment rupee credit upto 90 days as reduced with effect from June 26, 1997 from "Not Exceeding 13.0 per cent per annum" to "Not Exceeding 12.0 per cent per annum" and for period beyond 90 days and upto six months from the date of shipment the rate applicable was reduced from "15.0 per cent per annum" to "14.0 per cent per annum". At pre-shipment stage the rate of interest applicable presently is 13.0 per cent per annum for period upto 180 days. Exporters can avail of finance both at pre-shipment and post-shipment stages either in foreign currency under PCFC/FSR Schemes at internationally competitives rate (i.e. rates linked to LIBOR) or in rupees.

RBI has also been advising banks time and again that credit requirements of exporter-borrowers are met in full and promptly and that no worthwhile export order should suffer or want of bank finance.

FICCI stress on prudential norms of accounting

2247. SHRIMATI VEENA VERMA:

SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE:

Will the Minister of FINANCE be pleased to state:

(a) whether the Federation of Indian Chambers of Commerce and Industry (FICCI) stressed the need to demonstrate to the outside world that India's financial systems are strong and the prudential norms of accounting and transparency are in place in the banking sector;

(b) whether it is a fact that these observations have come in the wake of a study by the Federation of the Banking and Financial Systems in India; if so, the details of the report, if any, submitted to Government; and

(c) the Government's reaction thereto to bring about reforms in the banking and financial systems in India to stand to the aforesaid prudential norms of accounting and transparency?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) Federation of Indian Chambers of commerce and Industry (FICC) had prepared a background paper for their workshop on "Towards Capital Account Convertibility—2000 AD—held on July 11, 1997 at New Delhi. In this paper one of the suggestions was as follows:—

"Financial sector needs to be strengthened and prudential norms of accounting and transparency should be put in place. The skills of financial professionals especially in the financial services and banking sector need to be upgraded so that they are able to face the new environment. The laws must be changed to allow new instruments such as futures forwards and securitised debt so that economic agents can hedge risks. This will harmonise our hedging instruments with global ones."

(c) Reform in the financial sector in India is a continuing process and every worthwhile suggestion constitutes an input in that process. Considerable progress has been made in the matter of prudential norms of accounting and transparancy.

Excise duty evasion by Golden Tobacco company

2248. SHRIMATI JAYAPARADA NAHATA: Will the Minister of FINANCE be pleased to state:

(a) whether the Golden Tobacco Company has evaded excise duty of hundreds of crores;

(b) the facts of the case;

(c) whether officials of the Central Excise and Customs Department have been found to be involved in conniving with the company; and

(d) the action taken against them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) A case of central excise duty evasion has been detected against M/s Shree Chandra Tobacco Ltd., a franchise unit of M/s Golden Tobacco Company Ltd. during the search operation in February, 1996. Based on the investigations carried out by the Directorate General of Anti-Evasion, a show cause notice has been issued in August, 1996 to M/s. Shree Chandra Tobacco Ltd. and M/s. Golden Tabocco Company Ltd. for alleged evasion of central excise duty of Rs. 18.76 crores. In addition, cases of evasion of central excise duty have been detected against M/s Golden Tobacco Company Ltd. and their frenchise units during 1995 and show cause notices demanding central excise duty of Rs. 364.86 crores were issued to these units.

(c) and (d) One Assistant Commissioner, 19 Superintendants and 25 Inspectors have been placed under suspension for their suspected connivance with the said Company.

Setting up of Air Intelligence Unit

2249. SMT. JAYAPRADA NAHATA:

DR. ALLADI P. RAJKUMAR:

DR. Y. LAKSHMI PRASAD:

Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to set up an Air Intelligence Unit;

(b) if so, the airports to be checked against smuggling and other illegal activities; and

(c) other steps proposed to check against economic offences which are on the rise in the country?